

**RICH COUNTY SCHOOL DISTRICT**  
**AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2005**

**STEVE JOHNSTON**  
**S A S S O C I A T E S**  

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**CERTIFIED PUBLIC ACCOUNTANT**

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**RICH COUNTY SCHOOL DISTRICT**  
**AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2005**

RICH COUNTY SCHOOL DISTRICT

Audit Report

Fiscal Year Ending June 30, 2005

TABLE OF CONTENTS

INTRODUCTORY SECTION

PAGE

Table of Contents

i

FINANCIAL SECTION

Report of Independent Certified Public Accountants

1

Management's Discussion and Analysis

3

Statement of Net Assets

7

Statement of Activities

8

Balance Sheet-Governmental Fund Types

9

Reconciliation of Governmental Balance Sheet to Statement of Net Assets

10

Statement of Revenues, Expenditures and Changes in Fund Balances

11

Reconciliation of Governmental Fund to Statement of Activities

12

Statement of Fiduciary Net Assets

13

Notes to Financial Statements

14

SUPPLEMENTARY

Required Supplementary Information

25

Additional Supplementary Information

27

Auditors Report on Compliance and Internal Control

34

STATE OF UTAH COMPLIANCE SECTION

Auditor's Report on State Legal Compliance

35



Independent Auditor's Report

Board of Education  
Rich County School District  
Randolph, Utah

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rich County School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rich County School District as of June 30, 2005 and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis-- for State and Local Governments, as of June 30, 2005.

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and analysis on pages 3 through 6 is not a required part of the basic financial statement but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Steve Johnston & Associates".

Steve Johnston & Associates  
Certified Public Accountant  
October 4, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rich County School District, we offer readers of the District financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2005. We encourage readers to consider the information presented here in conjunction with the District financial statements, which follow this section.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District basic financial statements. The District basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 7 through 13 of this report.

### Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *special revenue funds*, *debt service funds*, and *capital project funds*, all of which are considered to be major funds. Data from the two special revenue funds are combined into a single aggregated presentation.

The District maintains and adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund statements can be found on pages 9 to 14 of this report.

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The district uses a fiduciary fund to account for resources held for other groups. The basic fiduciary fund financial statement can be found on page 14 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 15 to 25 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$ 4,340,869 at June 30, 2005.

The largest portion of the District net assets reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District's net assets represent resources that are subjected to external restrictions on how they may be used. The remainder of net assets may be used to meet the District ongoing obligations to students, employees and creditors. However, the unrestricted net asset amount has been earmarked for the following purposes:

- **Post Employment Healthcare Benefit Obligation**

The District provides healthcare benefits for eligible retired employees. This benefit is recorded as an expenditure as healthcare premiums are paid. Certain employees who elect to retire early under the District early retirement program receive healthcare benefits up to five years. The District has an obligation for early retirees during the next five years of \$97,588.

As of June 30, 2005, the District is able to report positive balances in two categories of net assets, both for the District as a whole and for its separate governmental activities. The same situation held true for the prior fiscal period.

### **Financial Analysis of the District Funds**

As noted earlier, the District uses fund accounting to endure and demonstrate compliance with finance-related legal requirements.

The focus of the District governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District financing requirements. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget.

The **general fund** is the chief operating fund of the District. At June 30, 2005, unreserved and undesignated fund balance was \$1,093,939 while the total fund balance was \$1,592,061 unreserved and undesignated fund balance decreased by \$102,443. Annual expenditures in the general fund were \$73,400 less than the final budgeted amounts.



The *capital projects fund* has a total fund balance of \$1,023,408, all of which is restricted for acquisition of capital assets and related expenditures. The fund balance decreased by <sup>33</sup> \$3,412,553 during the fiscal year due to the construction of buildings.

The *debt service fund* has a total fund balance of \$24,407, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance decreased by <sup>30</sup> \$16,992 during the fiscal year.

The *non K-12 programs special revenue fund* has a total fund balance of \$106,194. This balance is within the total allowed by state guidelines and is restricted to non- <sup>21</sup> kindergarten through twelfth grade programs.

The *school lunch special revenue fund* has a total fund balance of \$11,584. This balance is within the total allowed by state guidelines and is restricted to food service programs.

### **Debt Administration**

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2005 was \$11,650,085 while the general obligation debt at that date was \$4,755,000 resulting in a legal debt margin of \$6,895,085.

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

### **Requests for Information**

This financial report is designed to provide a general overview of Rich County School District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions concerning this report or need additional financial information, please contact the Office of the Business Administrator, Rich County School District, 140 West Park, Randolph Utah, 84064. Phone number (435) 793-2135

**RICH SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2005**

	<b><u>Governmental Activities</u></b>
<b>Assets:</b>	
Cash and investments	\$ 3,099,796
Receivables:	
Other governments	96,578
Other	2,954
Capital assets:	
Land	97,060
Other capital assets, net of accumulated depreciation	6,773,303
Total assets	<u>10,069,691</u>
<b>Liabilities:</b>	
Accounts payable	115,612
Accrued interest	6,302
Accrued liabilities	20,575
Accrued salaries	190,310
Deferred revenue:	
Property taxes	115,177
Noncurrent liabilities:	
Due within one year	337,959
Due in more than one year	4,942,888
Total liabilities	<u>5,728,823</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	2,051,984
Restricted for:	
School lunch	11,583
Non K-12 programs	106,194
Debt service	18,106
Capital projects	1,023,408
Unrestricted	1,129,593
Total net assets	<u>4,340,868</u>

See accompanying notes to the financial statements

**RICH SCHOOL DISTRICT**  
**Statement of Activities**  
**Year Ended June 30, 2005**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instructional services	2,993,365		969,956	-	(2,023,409)
<b>Supporting services:</b>					
Students	44,200	-	-	-	(44,200)
Instructional staff	309,862	-	-	-	(309,862)
District administration	292,562	-	-	-	(292,562)
School administration	290,459	-	-	-	(290,459)
Business	90,756	-	-	-	(90,756)
Operation and maintenance of facilities	463,487	-	-	-	(463,487)
Transportation	332,433	-	-	-	(332,433)
School lunch services	96,289	69,910	133,093	-	106,714
Interest on long-term liabilities	260,018	-	-	-	(260,018)
Total school district	5,173,431	69,910	1,103,049	-	(4,000,472)

**General revenues:**

Property taxes levied for:	1,322,191
General purposes	88,198
Recreation	289,737
Debt service	327,647
Capital outlay	2,147,666
Federal and state aid not restricted to specific purposes	98,682
Earnings on investments	50,806
Miscellaneous	4,324,927
Total general revenues	324,455
Change in net assets	4,016,410
<b>Net assets - beginning</b>	<b>4,340,865</b>
<b>Net assets - ending</b>	<b>8,357,275</b>

RICH SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2005

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<b>Assets:</b>				
Cash and investments	1,925,044	1,023,408	151,344	3,099,796
<b>Receivables:</b>				
Other Governments	92,333	-	4,245	96,578
Other Receivables	-	-	2,954	2,954
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	<u>2,017,377</u>	<u>1,023,408</u>	<u>158,543</u>	<u>3,199,328</u>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	115,612	-	-	115,612
Accrued payroll	173,952	-	16,358	190,310
Accrued liabilities	20,575	-	-	20,575
Deferred revenue	115,177	-	-	115,177
Total liabilities	<u>425,316</u>	<u>-</u>	<u>16,358</u>	<u>441,674</u>
<b>Fund Balances:</b>				
Designated	498,122	-	-	498,122
Undesignated	-	-	117,777	117,777
Unappropriated	1,093,939	1,023,408	24,408	2,141,755
Total fund balances	<u>1,592,061</u>	<u>1,023,408</u>	<u>142,185</u>	<u>2,757,654</u>
Total liabilities and fund balances	<u>2,017,377</u>	<u>1,023,408</u>	<u>158,543</u>	<u>3,199,328</u>

See accompanying notes to the financial statements

**RICH SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2005**

**Total fund balances for governmental funds** 2,757,654

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	97,060	
Buildings and improvements, net of \$3,681,267 accumulated depreciation	6,515,145	
Furniture and equipment, net of \$1,045,928 accumulated depreciation	<u>258,158</u>	6,870,363

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$6,302. (6,302)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement

Bonds payable	(4,818,379)	
Accrued vacation	(153,790)	
Early retirement payable	<u>(308,678)</u>	<u>(5,280,847)</u>
<b>Total net assets of governmental activities</b>		<u><u>4,340,869</u></u>

See accompanying notes to the financial statements

**RICH SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2005**

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	917,119	505,269	605,385	2,027,773
Earnings on investments	44,879	52,885	918	98,682
Lunch Sales	-	-	69,910	69,910
Other local	50,766	40	-	50,806
State aid	2,868,306	-	48,453	2,916,759
Federal aid	219,449	-	114,507	333,956
Total revenues	<u>4,100,519</u>	<u>558,194</u>	<u>839,173</u>	<u>5,497,886</u>
<b>Expenditures:</b>				
Current:				
Instructional services	2,527,510	144,270	233,682	2,905,462
Supporting services:				
Students	44,200	-	-	44,200
Instructional staff	207,394	-	-	207,394
District administration	287,950	3,416	-	291,366
School administration	288,666	-	-	288,666
Business	85,560	4,000	-	89,560
Operation and maintenance of facilities	443,628	16,870	-	460,498
Transportation	332,433	-	-	332,433
School lunch services	-	-	91,506	91,506
Other	-	-	6,659	6,659
Capital outlay	-	3,802,191	-	3,802,191
Debt Services:	-	-	-	-
Principal retirement	-	-	242,752	242,752
Interest and fiscal charges	-	-	257,049	257,049
Total expenditures	<u>4,217,341</u>	<u>3,970,747</u>	<u>831,648</u>	<u>9,019,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(116,822)</u>	<u>(3,412,553)</u>	<u>7,525</u>	<u>(3,521,850)</u>
<b>Other financing sources (uses):</b>				
Sale of Bonds	-	-	-	-
Interfund Transfers	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(116,822)</u>	<u>(3,412,553)</u>	<u>7,525</u>	<u>(3,521,850)</u>
<b>Fund balances - beginning</b>	<u>1,708,882</u>	<u>4,435,961</u>	<u>134,660</u>	<u>6,279,503</u>
<b>Fund balances - ending</b>	<u>1,592,060</u>	<u>1,023,408</u>	<u>142,185</u>	<u>2,757,653</u>

See accompanying notes to the financial statements

RICH SCHOOL DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Government Funds to the Statement of Activities  
Year Ended June 30, 2005

**Net change in fund balances-total governmental funds**

(3,515,191)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 for furniture and equipment and \$10,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	3,762,114	
Loss on disposal of capital assets	-	
Proceeds from sales of capital assets	-	
Depreciation expense	<u>(59,782)</u>	3,702,332

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Proceeds	-	
Repayment of bond principal	242,752	
Interest expense - general obligation bonds	<u>(2,969)</u>	239,783

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues increased this year.

In the statement of activities, certain operating expenses - compensated absences (vacations), special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. During this year, accrued vacation and early retirement increased by a total of \$102,468.

(102,468)

**Change in net assets of governmental activities**

324,456

See accompanying notes to the financial statements

**RICH SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Agency Fund**  
**June 30, 2005**

	<b><u>Student Activities Fund</u></b>
<b>Assets:</b>	
Cash and investments	<u>59,375</u>
<b>Liabilities</b>	
Due to student organization	<u>59,375</u>
Total liabilities	<u>59,375</u>

See accompanying notes to the financial statements



NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The financial statements of the Rich School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

(a) The District Entity

The Board of Education, comprised of five elected individuals, is the governing authority for the School District. The Board establishes District policies, approves the budget, elects a superintendent with responsibilities for administering all educational activities of the School District, and elects a Clerk-Treasurer with responsibilities for fiscal matters. The Board is authorized to issue bonds, incur short-term debt, to levy ad valorem taxes, and is not dependent on any other unit of local government. All funds, including all financial activities over which the Board has governance, are included in the report. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Districts reporting Entity.

(b) Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives values without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

(c) Government-wide and fund financial statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the primary government (the District). These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

## RICH COUNTY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2005

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include:

- 1) Fees and charges paid by students and other recipients of goods or services offered by a given function.
- 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The fund financial statements provide information about the District's funds, including its fiduciary fund. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

#### (h) Description of Funds and Account Groups

The District accounts for its financial operations in the following funds:

##### Governmental Fund Types

**General Fund** – The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

**Capital Project Fund** – The Capital Project fund is used to account for all resources for the acquisition of capital facilities by the District.

**Nonmajor Funds** – These funds account for programs supported by a separate tax levy, education programs exclusive of the traditional kindergarten through twelfth grade, and school lunch program which is partially supported by user charges administered by the District.

##### Fiduciary Fund Type

**Trust and Agency Funds** – Trust and Agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individual student groups, other governments, and/or for other funds.

RICH COUNTY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2005

(e) Budget Operation

The District operates within the budget requirements for school districts as specified by State law and as interpreted by the State Superintendent of Public Instruction. The financial reports reflect the following budgetary standards:

1. For the fiscal year beginning July 1, the Clerk-Treasurer prepares a tentative budget which is presented to the Board of Education by the Superintendent on or before the preceding June 1.
  2. By resolution, the Board of Education legally adopts the final budget prior to June 30, after a public hearing has been held.
  3. Once adopted, the budget can be amended by subsequent Board action. Reductions in, or reallocations of appropriations can be approved by the Board upon recommendation of the Superintendent, but increased appropriations require a public hearing prior to amending the budget.
  4. Interim adjustments in estimated revenue and appropriations during fiscal year 2004 have been included in the final budget approved by the Board, as presented in the financial statements.
  5. As determined by the State Superintendent of Public Instruction, the level for which expenditures may not legally exceed appropriations is the total budget of a given fund.
- Budgets for the Maintenance and Operation (General) Fund, the Special Revenue Fund, the Debt Service Fund, the Capital Project Funds are prepared on a budgetary basis of accounting. Property tax revenue from an authorized Capital Outlay and Debt Service levy is allocated to the Debt Service Fund to match current expenditures of that fund.

(n) Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$500 for furniture and equipment and \$10,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

**RICH COUNTY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2005**

<u>Assets</u>	<u>Years</u>
Buildings	40
Buildings improvements and portable classrooms	20
Maintenance equipment	15
Vocational education equipment	15
Buses	10
Musical instruments	10
Furniture	10
Office equipment	10
Athletic equipment	8
 Vehicles	 8
Audio visual equipment	6
Computer equipment	3

(g) **Compensated Absences**

Employees are allowed to accrue ten (10) days of sick leave each year to a maximum accrual of 120 days. Employees who qualify will be paid 50% of their accrued sick leave at their salary rate in effect at retirement. The accrued liability for the District at June 30, 2005 is \$153,790.

(h) **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

(i) **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the policy of the District to use restricted net assets first.

*Government Wide Financial Statements:*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt- Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets-Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets-All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**RICH COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2005**

(j) **Comparative Data**

Comparative data for the prior years has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

(k) **Property Tax Calendar**

Property taxes are attached as an enforceable lien of property as of January 1. Taxes are levied in June for the next fiscal year beginning July 1 and are due November 30. Property tax revenues are not recognized when levied, because they are not expected to be collected within 60 days after the end of the current year.

(2) **Cash and Cash Equivalents and Investments**

Cash includes currency on hand and demand deposits with banks or other financial institutions. Demand deposits include accounts where the District may deposit or withdraw funds at any time without prior notice or penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less.

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of District funds in a "qualified depository". The act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of the act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the District and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

At June 30, 2005 the carrying amount of the district's deposits were \$3,099,796 of which \$2,386,591 was deposited in the Utah State Treasurer's Investment pool. The bank balance was \$951,138 of which \$100,000 was covered by Federal Depository Insurance. The remaining bank balance of \$851,138 and the amount deposited in the Utah State Treasurer's Investment Pool was uncollateralized or collaterarized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

(3) **Investments**

None

RICH COUNTY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2005

(4) Accounts Receivable

Receivables as of June 30, 2005 are as follows:

	General Fund	Special Revenue Fund	Total
Intergovernmental	92,333	4,245	96,578
School Patrons - Food Service	<u>0</u>	<u>2,954</u>	<u>2,954</u>
Total Receivables	<u>92,333</u>	<u>7,199</u>	<u>99,532</u>

No allowance for uncollectible accounts has been recorded because the amount of receivables other than intergovernmental is not material to the financial statements as a whole.

(5) Retirement System

The Rich County School District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salary, (5.00% of which is paid by the employer for the employee) and the District is required to contribute a 9.19% of their annual covered salary. In the State and School Noncontributory Retirement System the District is required to contribute 13.38% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The Rich County School District contributions to the State and School Contributory Retirement System for the years ending June 30, 2005, 2004, and 2003 were \$0, \$0, and \$89 respectively, and for the noncontributory retirement system the contributions for June 30, 2005, 2004, and 2003 were \$311,290, \$251,131 and \$215,306 respectively. The contributions were equal to the required contributions for each year.

The Rich County School District does not participate in the Utah Retirement Systems 457 Deferred Compensation Plan.

**RICH COUNTY SCHOOL DISTRICT****Notes to Financial Statements****June 30, 2005****(6) Capital Assets**

Capital asset activity for the year ended June 30, 2005 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	<u>97,060</u>	<u>-</u>	<u>-</u>	<u>97,060</u>
Total capital assets, not being depreciated	<u>97,060</u>	<u>-</u>	<u>-</u>	<u>97,060</u>
Capital assets, being depreciated:				
Buildings and improvements	<u>6,792,868</u>	<u>3,661,048</u>	<u>-</u>	<u>10,453,916</u>
Furniture and equipment	<u>1,432,107</u>	<u>101,066</u>	<u>-</u>	<u>1,533,173</u>
Total capital assets, being depreciated	<u>8,224,975</u>	<u>3,762,114</u>	<u>-</u>	<u>11,987,089</u>
Accumulated depreciation for:				
Buildings and improvements	<u>(3,928,601)</u>	<u>(10,170)</u>	<u>-</u>	<u>(3,938,771)</u>
Furniture and equipment	<u>(1,225,402)</u>	<u>(49,612)</u>	<u>-</u>	<u>(1,275,015)</u>
Total accumulated depreciation	<u>(5,154,004)</u>	<u>(59,782)</u>	<u>-</u>	<u>(5,213,786)</u>
Total capital assets, being depreciated, net	<u>3,070,971</u>	<u>3,702,332</u>	<u>-</u>	<u>6,773,303</u>
Governmental activities capital assets, net	<u>3,168,031</u>	<u>3,702,332</u>	<u>-</u>	<u>6,870,363</u>

For the year ended June 30, 2005, depreciation expense was charged to functions of the District as follows:

<b>Governmental activities:</b>	
Instructional services	\$ 47,826
Supporting services:	
District administration	1,196
School administration	1,793
Business	1,196
Operation and maintenance of facilities	2,989
Transportation	-
School lunch services	4,783
Total depreciation expense, governmental activities	<u>59,782</u>



# **RICH COUNTY SCHOOL DISTRICT**

## **Notes to Financial Statements**

**June 30, 2005**

### **(7) Long-Term Debt**

The Long-term liability activity for the year ended June 30, 2005 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	4,925,000	-	(170,000)	4,755,000	180,000
Lift Lease Principle	136,133		(72,754)	63,379	63,379
Total bonds payable	5,061,133	-	(242,754)	4,818,379	243,379
Accrued compensated absences	162,517		(8,727)	153,790	10,765
Early retirement payable	197,483	111,195		308,678	83,815
Total governmental activity					
long-term liabilities	<u>\$ 5,421,133</u>	<u>\$ 111,195</u>	<u>\$ (251,481)</u>	<u>\$ 5,280,847</u>	<u>\$ 337,959</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Vacation and early retirement benefits will be paid by the fund in which the employee works(ed).

The annual requirements to retire general long-term debt as of June 30, 2005 are as follows

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Fiscal Year</u>	<u>Total</u>
<u>Ending</u>				
2006	180,000	212,341		392,341
2007	185,000	202,941		387,941
2008	195,000	192,915		387,915
2009	205,000	182,164		387,164
2010	220,000	170,579		390,579
2011	230,000	158,089		388,089
2012	235,000	150,509		385,509
2013	245,000	142,544		387,544
2014	250,000	133,356		383,356
2015	265,000	123,356		388,356
2016	275,000	112,756		387,756
2017	285,000	101,069		386,069
2018	295,000	88,956		383,956
2019	310,000	76,050		386,050
2020	320,000	62,100		382,100
2021	335,000	47,700		382,700
2022	355,000	32,625		387,625
2023	370,000	16,650		386,650
Total	<u>4,755,000</u>	<u>2,206,700</u>		<u>6,961,700</u>

**RICH COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2005**

(8) **Early Retirement Incentive Program**

Eligibility under the program is not restricted by age but solely by years of service in Rich School District. This program is independent of the Utah State Retirement System.

Eligibility is restricted to those employees with ten or more years of service in the district and who qualify under the state retirement systems for benefits. Except any employee who has been placed on probation or notified of suspension or termination of contract in the year of application for early retirement. An eligible employee may participate for a maximum of five years, or until the employee becomes eligible to receive unreduced old age insurance benefits under the Social Security Act, 42 U.S.C. 401 et et seg., whichever occurs first.

Certified personnel who have qualified for benefits under the state retirement system shall receive fifty percent of the difference between the Bachelor's Lane step one and the lane and step that the employee is on at the time of early retirement.

Benefits to classified personnel are half of the difference between their present hourly salary and the beginning hourly wage for their respective positions. (Because such a wide variance exists in the difference between positions a minimum amount will be calculated by rank ordering the differences between the various positions and using the median amount as a minimum.) The accrued liability for the District at June 30, 2005 for those employees who have elected early retirement is \$308,678. The liability by year is as follows.

<u>Year Ending</u>	<u>Amount</u>
June 30, 2006	83,815
June 30, 2007	73,113
June 30, 2008	59,822
June 30, 2009	59,822
June 30, 2010	32,106
Total	<u>308,678</u>

**RICH COUNTY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2005**

**(9) Reserves or Designation of Fund Equity**

The District records designated fund balances to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all designated fund balances for the District.

**(a) Maintenance & Operation Fund**

Reading Achievement	18,390
Trust Lands	958
Class Size Reduction	22,705
Interventions	74,044
Inservice	1,012
UPASS	41,564
Quality Teaching Block Grant	81,553
At Risk	23,557
Concurrent Enrollment	22,362
Tort Liability	23,706
No Child Left Behind	17,692
Special Education	150,681
Chapter 1	9,530
Comprehensive Guidance	555
Drivers Education	5,125
Vocational Education	1,834
Media	2,854
Total	<u>498,122</u>

**(b) Non K-12**

Recreation	71,346
Adult Education-State	18,842
Special-Ed Pre-School	16,006
Total	<u>106,194</u>

Required Supplementary Information

**RICH SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2005**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Property taxes	900,982	917,119	917,119	-
Interest Earned	17,000	45,020	44,879	(141)
Other local	23,090	43,923	50,766	6,843
State of Utah	2,925,671	2,828,136	2,868,306	40,170
Federal Government	158,394	245,809	219,449	(26,360)
Payments from other Districts	-	-	-	-
<b>Total revenues</b>	<b>4,025,137</b>	<b>4,080,007</b>	<b>4,100,519</b>	<b>20,512</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services	2,430,523	2,559,513	2,527,510	32,003
<b>Supporting services:</b>				
Students	71,496	61,931	44,200	17,731
Instructional staff	180,979	216,580	207,394	9,186
District administration	222,027	291,877	287,950	3,927
School administration	283,663	289,723	288,666	1,057
Business	80,871	85,560	85,560	-
Plant Operation & Maintenance	402,984	447,761	443,628	4,133
Transportation	318,705	337,796	332,433	5,363
Capital Outlay	-	-	-	-
<b>Total expenditures</b>	<b>3,991,248</b>	<b>4,290,741</b>	<b>4,217,341</b>	<b>73,400</b>
Excess of revenues over expenditures	33,889	(210,734)	(116,822)	(93,912)
<b>Other financing sources (uses):</b>				
Transfer out	-	-	-	-
<b>Net change in fund balances</b>	<b>33,889</b>	<b>(210,734)</b>	<b>(116,822)</b>	<b>(93,912)</b>
<b>Fund balances - beginning</b>	<b>1,708,882</b>	<b>1,708,882</b>	<b>1,708,882</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>1,742,771</b>	<b>1,498,148</b>	<b>1,592,060</b>	<b>(93,912)</b>

Supplementary Information

**RICH SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2005**

	<b>Special Revenue</b>			<b>Total</b>
	<b>Debt Service Fund</b>	<b>Food Service</b>	<b>Non K-12 Programs</b>	<b>Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Cash and investments	24,408	17,610	109,326	151,344
Receivables:		4,245		4,245
Other Receivables	-	2,954	-	2,954
Due from other funds	-	-	-	-
Total assets	<u>24,408</u>	<u>24,809</u>	<u>109,326</u>	<u>158,543</u>
<b>Liabilities:</b>				
Wages Payable	-	13,226	3,132	16,358
Total liabilities	<u>-</u>	<u>13,226</u>	<u>3,132</u>	<u>16,358</u>
<b>Fund balances:</b>				
Unreserved:				
Designated	-	-	-	-
Undesignated	-	11,583	106,194	117,777
Unappropriated	24,408	-	-	24,408
Total fund balances	<u>24,408</u>	<u>11,583</u>	<u>106,194</u>	<u>142,185</u>
Total liabilities and fund balances	<u>24,408</u>	<u>24,809</u>	<u>109,326</u>	<u>158,543</u>

**RICH SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2005**

	<u>Special Revenue</u>			<u>Total</u>
	<u>Debt</u>	<u>Food</u>	<u>Non K-12</u>	<u>Nonmajor</u>
	<u>Service</u>	<u>Service</u>	<u>Programs</u>	<u>Governmental</u>
	<u>Fund</u>			<u>Funds</u>
<b>Revenues:</b>				
Property tax	482,835	-	122,550	605,385
Interest Earned	774	-	144	918
Lunch sales	-	69,910	-	69,910
Other Local	-	-	-	-
State Sources	-	22,269	26,184	48,453
Federal Sources	-	110,824	3,683	114,507
Total revenues	<u>483,609</u>	<u>203,003</u>	<u>152,561</u>	<u>839,173</u>
<b>Expenditures:</b>				
Salaries	-	92,443	74,657	167,100
Employee Benefits	-	46,146	20,436	66,582
Supplies, Materials, & Food	-	76,126	11,298	87,424
Purchased Services	-	-	4,082	4,082
Equipment	-	-	-	-
Other	800	1,839	4,020	6,659
Debt Service:				
Principal retirement	242,752	-	-	242,752
Interest and fiscal charges	257,049	-	-	257,049
Total expenditures	<u>500,601</u>	<u>216,554</u>	<u>114,493</u>	<u>831,648</u>
Excess of revenues over expenditures	<u>(16,992)</u>	<u>(13,551)</u>	<u>38,068</u>	<u>7,525</u>
<b>Other Sources (Uses):</b>				
Payment to refunded bond escrow agent	-	-	-	-
Operating Transfers In	-	-	-	-
Total Other Financing Sources	-	-	-	-
Interfund Transfers	-	-	-	-
Net change in fund balances	<u>(16,992)</u>	<u>(13,551)</u>	<u>38,068</u>	<u>7,525</u>
<b>Fund balances - beginning</b>	<u>41,399</u>	<u>25,135</u>	<u>68,126</u>	<u>134,660</u>
<b>Fund balances - ending</b>	<u>24,407</u>	<u>11,584</u>	<u>106,194</u>	<u>142,185</u>



**RICH SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
Debt Service  
Nonmajor Debt Service Fund  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Property tax	\$ 482,836	\$ 482,835	\$ (1)	\$ 242,921
Interest Earned	569	774	205	241
Other Local			-	51,043
Total revenues	<u>483,405</u>	<u>483,609</u>	<u>204</u>	<u>294,205</u>
<b>Expenditures:</b>				
Debt Service				
Principal Retirement	242,754	242,752	2	160,000
Interest & Fiscal Charges	257,049	257,049	-	157,344
Miscellaneous	800	800	-	
Total expenditures	<u>500,603</u>	<u>500,601</u>	<u>2</u>	<u>317,344</u>
Excess of Revenue Over (Under) Expenditures	<u>(17,198)</u>	<u>(16,992)</u>	<u>206</u>	<u>(23,139)</u>
<b>Other Sources (Uses):</b>				
Interfund Transfers	-	-	-	-
Total other financing sources (use)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(17,198)</u>	<u>(16,992)</u>	<u>206</u>	<u>(23,139)</u>
<b>Fund balance - beginning</b>	<u>41,399</u>	<u>41,399</u>	<u>-</u>	<u>64,538</u>
<b>Fund balance - ending</b>	<u>\$ 24,201</u>	<u>\$ 24,407</u>	<u>\$ 206</u>	<u>\$ 41,399</u>

**RICH SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Food Service**  
**Nonmajor Special Revenue Fund**  
**Year Ended June 30, 2005**  
**With Comparative Totals for 2004**

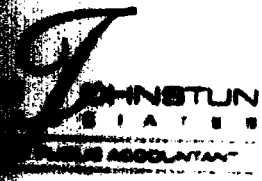
	<u>2005</u>			<u>2004</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Lunch Sales	68,196	69,910	1,714	64,176
State Sources	16,188	22,269	6,081	24,960
Federal Sources	111,814	110,824	(990)	112,112
Total Revenue	196,198	203,003	6,805	201,248
<b>Expenditures:</b>				
Salaries	93,386	92,443	943	90,722
Employee benefits	46,146	46,146	-	41,432
Food	76,436	76,126	310	74,946
Purchased services			-	
Other	1,900	1,839	61	-
Total Expenditures	217,868	216,554	1,314	207,100
<b>Other Sources (Uses):</b>				
Interfund Transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(21,670)	(13,551)	8,119	(5,852)
<b>Fund balances - beginning</b>	25,135	25,135	-	30,987
<b>Fund balances - ending</b>	3,465	11,584	8,119	25,135

**RICH SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Non K-12 Programs**  
**Nonmajor Special Revenue Fund**  
**Year Ended June 30, 2005**  
**With Comparative Totals for 2004**

	<u>2005</u>			<u>2004</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	122,551	122,550	(1)	68,148
Interest	144	144	-	67
Other Local			-	-
State Sources	26,184	26,184	-	21,500
Federal sources	3,683	3,683	-	3,786
Total Revenue	<u>152,562</u>	<u>152,561</u>	<u>(1)</u>	<u>93,501</u>
<b>Expenditures:</b>				
Current:				
Salaries	74,727	74,657	70	64,896
Benefits	20,436	20,436	-	16,136
Supplies & Materials	11,450	11,298	152	9,225
Purchased Services	4,106	4,082	18	486
Equipment			-	9,874
Other	4,050	4,020	30	
Total expenditures	<u>114,763</u>	<u>114,493</u>	<u>270</u>	<u>100,617</u>
<b>Other Sources (Uses):</b>				
Interfund Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over:				
(Under) Expenditures	<u>37,799</u>	<u>38,068</u>	<u>269</u>	<u>(7,116)</u>
Fund balances - beginning	<u>68,125</u>	<u>68,126</u>	<u>-</u>	<u>75,241</u>
Fund balances - ending	<u>105,924</u>	<u>106,194</u>	<u>269</u>	<u>68,125</u>

**RICH SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Major Capital Projects Fund**  
**Year Ended June 30, 2005**  
**With Comparative Totals for 2004**

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Local sources:				
Property taxes	505,269	505,269	-	489,429
Interest Earnings	52,445	52,885	440	38,779
Other Local	40	40	-	3,558,678
Sale of Bonds	-	-	-	-
Total local sources	557,754	558,194	440	4,086,886
<b>Expenditures:</b>				
Instruction	147,311	144,270	3,041	120,314
Support Services				
General Admin	4,000	3,416	584	2,925
Business	4,000	4,000	-	3,933
Plant Operation & Maintenance	17,442	16,870	572	6,970
Food Service			-	5,595
Capital Outlay	3,816,296	3,802,191	14,105	510,084
Total expenditures	3,989,049	3,970,747	18,302	649,821
Excess of Revenue Over (Under)				
Expenditures	(3,431,295)	(3,412,553)	(18,742)	3,437,065
<b>Other Sources (Uses):</b>				
Interfund Transfers	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(3,431,295)	(3,412,553)	(81,258)	3,437,065
<b>Fund balance - beginning</b>	<b>4,435,961</b>	<b>4,435,961</b>	<b>-</b>	<b>998,896</b>
<b>Fund balance - ending</b>	<b>1,104,666</b>	<b>1,023,408</b>	<b>(81,258)</b>	<b>4,435,961</b>



**Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements performed in accordance with Government Auditing Standards**

We have audited the ~~general-purpose financial statements~~ of Rich County School District for the year ended June 30, 2005, and have issued our report thereon dated October 4, 2005. We conducted our audit in accordance with ~~generally accepted auditing standards~~ and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Rich County School District's purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those procedures was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Rich County School District's financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and the Board. However, this report is a matter of public record, and its distribution is not limited.

*Steve Johnstun & Associates*

Steve Johnstun & Associates  
Certified Public Accountant



October 4, 2005

Board of Education  
Rich County School District  
Randolph, Utah

We have audited the general-purpose financial statements of the Rich County School District, Utah, for the year ended June 30, 2005, and have issued our report thereon dated October 4, 2005. As part of our audit we have audited the Rich County School District's Compliance with the requirements governing types of services allowed or unallowed; eligibility, matching, level of effort, or ear-marking; special test and provisions applicable to its major state assistance program as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The District received the following major state assistance program from the State of Utah:

**Minimum School Program**

The School District received the following non-major grants which are not required to be audited for specific compliance requirements: (However these programs were subject to testwork as part of the audit of Rich County School District's financial statements.)

Minimum School Lunch Program (Department of Education)  
Driver Education

Our audit also included testwork on the School District's compliance with those general compliance requirements identified in the State Legal Compliance Audit Guide including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Property Tax  
Other Compliance Requirements

The management of Rich County School District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit included examining, on test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Rich County School District, Utah, complied in all material respects with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility, matching, level of effort, or ear-marking, reporting; and special tests and provisions that are applicable to each of its major state assistance programs for the year ended June 30, 2005.

Steve Johnstun & Associates  
Certified Public Accountants

# RICH COUNTY SCHOOL DISTRICT



*Dale Lamborn, Superintendent*  
*Tricia Cornia, Business Administrator*  
*Marlene Wilson, Secretary*

## A RICH TRADITION

Pres. Tamalyn E. Calder.....Garden City  
Vice Pres. Ralph B. Johnson .....Randolph  
Peter C. Cornia.....Randolph  
Blair R. Francis.....Woodruff  
Burdette W. Weston.....Laketown

November 18, 2005

Steve Johnstun and Associates  
College Park Plaza, GL-2  
3590 Harrison Boulevard  
Ogden, UT 84403

Dear Mr. Johnstun,

This letter is in response to the management letter from the recent fall audit of Rich School District. Thank you for recognizing the efforts that were made in allocating expenditures to the various programs that are administered in our district.

We plan to address the concern mentioned by more closely correlating the budget procedure with the expenditures incurred at the end of the year. District staff will monitor budget preparation with this in mind.

We appreciate your thoroughness and the prompt and courteous manner in which you conduct the audit.

Sincerely,

Dale Lamborn  
Superintendent



October 4, 2005

Board of Education  
Rich County School District  
Randolph, Utah 84064

Dear Board Members:

We have completed our audit of the Rich County School District for the year ended June 30, 2005, and issued our report thereon dated October 4, 2005.

During our audit we noted that the recommendations made previously were implemented.

We noted that progress is being made in making sure that all appropriate expenditures for a program are charged to the correct program.

We express our appreciation for the courteous and professional assistance provided to us by the District staff during our audit.

Sincerely

Steve Johnston & Associates  
Certified Public Accountant